Political Risk Insurance

Aon’s political risk specialists are dedicated to developing innovative tools and solutions to identify, mitigate and manage global political risks.

Overview
Emerging markets are becoming increasingly important as businesses look to alternative geographies for growth. However, in these often less mature economies, assets, contracts and loans or supply chains can be adversely affected by geopolitical uncertainties. The range of political risks companies face in emerging markets is very broad and includes:

- Expropriation or so-called creeping expropriation
- Unilateral termination of contracts
- License cancellation, embargo, import/export restrictions
- Terrorism, civil unrest, war and related acts of violence
- Restrictions on the movement of funds across borders
- Non-payment / non-performance by government buyer / supplier
- Adverse regulatory changes that render investments uneconomic
- Revocation of concession rights

What is Political Risk?
Much like the political risk insurance industry itself, the definition of political risk is evolving to meet the changing circumstances and risks faced by companies engaged in cross border trade and investment. Moreover, political risk covers a broad range of conditions or events that may result in financial losses to companies doing business in emerging markets. When considering specific risks that may be addressed with insurance, it’s helpful to draw a distinction between risks that affect contracts and those that affect assets:

- **Contracts**: Government action/inaction that frustrates a contract (i.e. prevents or restricts the performance of a contract or the ability to pay/deliver), including non-performance of a government-owned entity.
- **Assets**: Government action/inaction that deprives a firm of all or part of its beneficial interests in an asset, investment or loan (i.e. interferes with a company’s ability to own and/or manage its assets, investments or lender interests).

We’re here to empower results

Proudly backs OPIC

Aon Political Risk Fast Facts

Political Risk Analytics
- 162 Countries
- 1 to 6 Point Scale
- 9 Risk Indicators
- 20 Years of Ratings

Data-centric Analysis
- 158 Data Series
- 21 Databases
- 25 Risk Factors
- 26 PRI Insurers

Proven Track Record
- $100b+ of Coverage
- 182 Countries
- Accredited Broker with OPIC & MIGA
- 512 Professionals Globally

Political Risk Map
- Online Portal
- Country Synopsis
- Portfolio Analysis
- Market Pricing

www.riskmaps.aon.co.uk
Types of Coverage

- **Political Risks**
  - Contract Frustration
  - Expropriation etc.
  - Sovereign Contractual Default
  - Asset Risk

- **Credit Risks**
  - Insolvency
  - Protracted Default
  - Commercial Default

Key Features of Political Risk Insurance

- Non-Cancellable coverage for three, five, or ten years or longer periods
- Rate is fixed at the inception of the policy and does not change if the situation deteriorates
- Coverage is highly customized and can cover equity, debt, fixed or mobile assets, direct investments or contracts
- Optional Structures:
  - Single situation: investment / country / project / contract
  - Portfolio: Multi-country, with pre-agreed selection of countries and reinstatement of policy limit
  - First Loss or Excess of Loss
  - Reinsurance of captive
- Political Violence fills gaps in Property and Terrorism coverage

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<tr>
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<th>Property</th>
<th>Terrorism &amp; Sabotage</th>
<th>Strikes, Riots &amp; Civil Commotions</th>
<th>Political Violence</th>
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<tbody>
<tr>
<td>Terrorism</td>
<td>✗</td>
<td>✓</td>
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<td>War and/or Civil War</td>
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<td>✗</td>
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All descriptions, summaries or highlights of coverage are for general informational purposes only and do not amend, alter or modify the actual terms or conditions of any insurance policy. Coverage is governed only by the terms and conditions of the relevant policy.

If you have any questions about your specific coverage or are interested in obtaining coverage, please contact your Aon broker. For general questions about Political Risk Insurance, please contact:

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Aon’s Global Network

Aon has a global network of resources that includes more than 500 specialists in over 60 offices. The political risk team consults clients and prospects on risk transfer and management techniques that respond to adverse political actions resulting from an organization doing business in emerging and less mature markets. The depth of experience, combined with a proven track record for innovation, has established Aon as a leader in the field of Political Risk Insurance.